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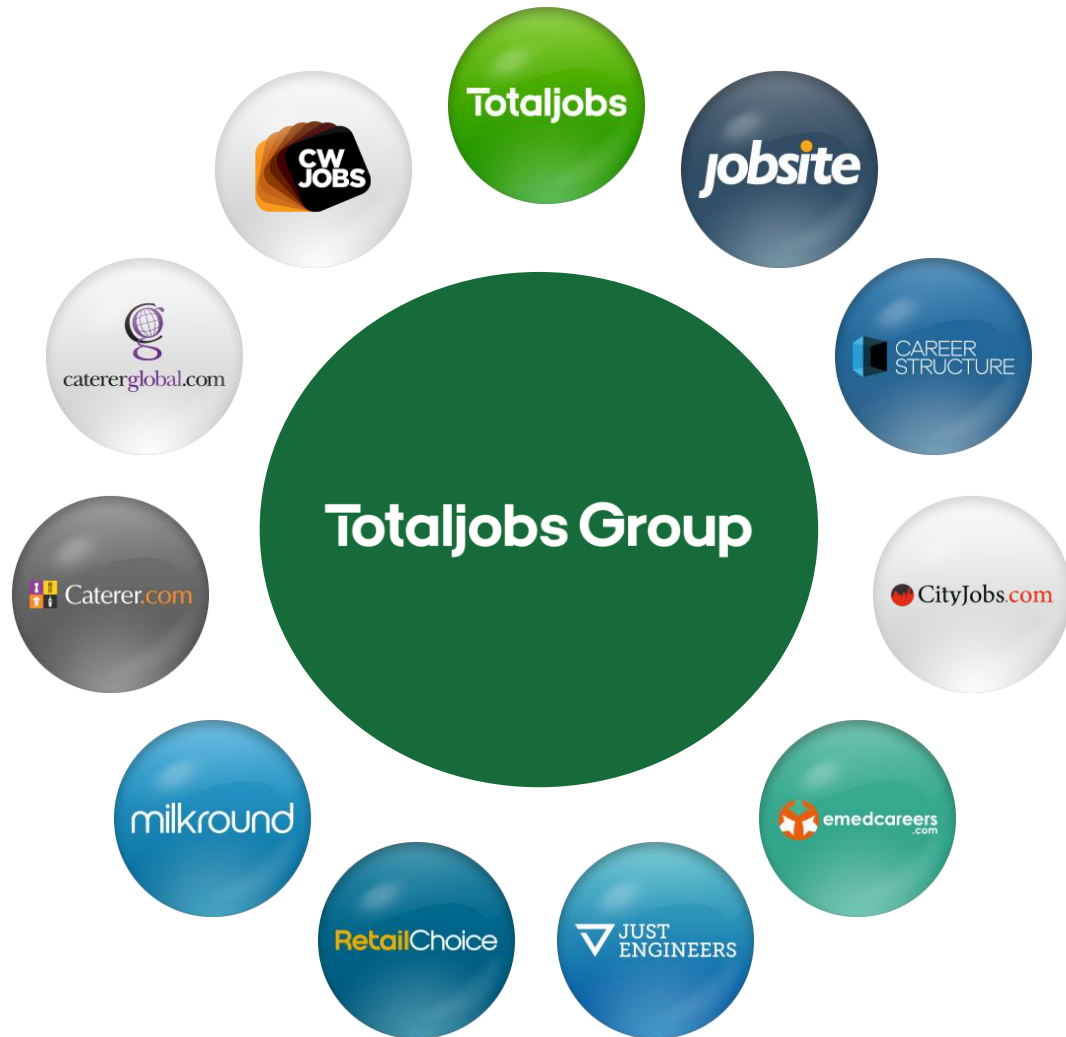
The salary squeeze: How employers can manage rising living costs







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About us



Our Solutions

Equality Boost

Global Hiring

Early Careers

Visibility Products


Employer Branding

Video Recruitment

Performance

Data Insights




State of play



State of play

- Inflation is high, and is set to increase further in April
- The average worker could be up to £13,000 worse off by the middle of this decade
- Rising living costs impact people on lowest incomes the most
- Ultimately, this means earnings after tax will fall in real terms
- In the latest Budget, the Chancellor announced measures including:
 - Fuel duty will be cut by 5p a litre for 12 months
 - A cut to the 5% VAT rate for households installing solar panels, heat pumps or insulation to 0
 - Doubling of household support fund to £1bn
 - Raising the National Insurance contribution threshold by £3,000

Source: Bank of England, The Institute for Fiscal Studies

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Impact on workers



Money matters

- Over three quarters (**77%**) of UK workers are concerned about the rising cost of living.
- **47%** consider themselves as living 'payslip to payslip'.
- **45%** say their savings have decreased since the start of the Covid-19 pandemic.





Work-related costs rising

90% of workers report higher work-related costs

Since the start of 2022, workers report higher price of:


- Work-related energy bills (**40%**)
- Commute (**28%**)
- Lifestyle costs while at work (**24%**)
- Work clothes (**17%**)
- PPE/face masks (**15%**)
- Technology (**12%**)
- Childcare (**12%**)

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Chasing higher salaries

- **30%** say their salary doesn't cover their living costs.
- **36%** say their salary does not allow them to have a good quality of life.
- Over a third (**37%.**) of UK workers are considering changing jobs within the next year to combat the rising cost of living





UK employees received an average pay rise of **3.05%** in the last year*

The ups and downs of salary

Top ten sectors experiencing salary stagnation*

- 1 HR
- 2 Policing
- 3 Security
- 4 Sport and Fitness
- 5 IT
- 6 Catering
- 7 Construction
- 8 Marketing
- 9 Media
- 10 PR

Top ten sectors experiencing salary growth*

- 1 Advertising
- 2 Farming and Agriculture
- 3 Animal Care
- 4 Property
- 5 Design
- 6 Public Sector
- 7 Legal
- 8 Retail
- 9 Science
- 10 Consulting

*A comparison of salary data from February 2021 versus February 2020 from job postings across 40 sectors. Total sample size was 3,135,461 job postings. Salary growth defined as a percentage increase higher than the current rate of inflation (5.5%).

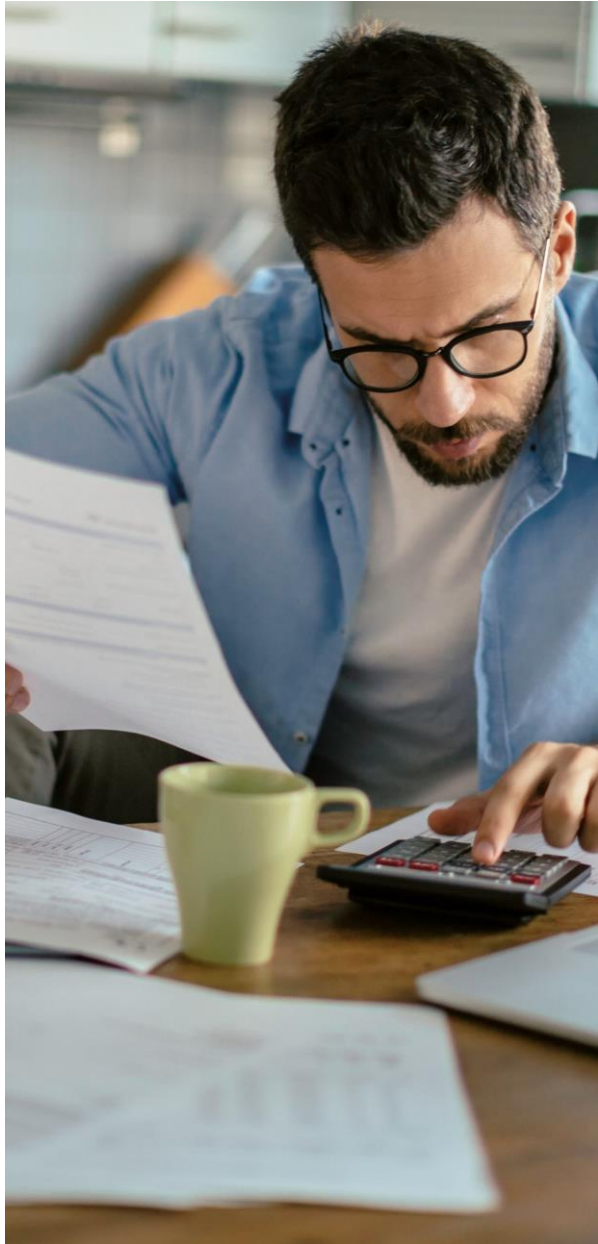
*A comparison of salary data from February 2021 versus February 2020 from job postings across 40 sectors. Total sample size was 3,135,461 job postings. Salary 'stagnation' defined as salary growth of 5% or less (lower than the current rate of inflation of 5.5%).



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Impact on businesses



80% of employers concerned about rising cost of living

Impact of rising living costs according to business leaders:

- **48%** increasing overheads
- **38%** staff retention levels
- **37%** employees' quality of life
- **26%** smaller profit margins
- **25%** impact of higher costs on back to office plans
- **21%** risk of increased redundancies





Salary trends

Salary trends from the last year

Employee experience

- **42%** of workers received a pay rise of **between 1-5%** in the last year
- **48%** of workers say their pay has remained the same in the last year
- **22%** of workers who received a raise said it was higher than they expected; **16%** said the opposite
- **11%** of workers received a pay cut

Employer experience

- **58%** of businesses increased employees' salaries over the last year
- **35%** of the businesses offering pay rises increased salaries by **1-5%**
- Over a third (**35%**) reported no changes to salaries
- **7%** decreased salaries

Salary expectations for the year ahead

Employee expectations

- A **third** of UK workers don't expect their pay to increase in the next 12 months
- **41%** of workers expect their pay to increase by less than inflation in the next year (between **1-5%**)
- **27%** of workers expect their pay to increase more than **5%** in the next year

Employer expectations

- **13%** of businesses don't expect to increase pay in the next 12 months
- **40%** of employers expect to increase pay between **1-5%** in the next 12 months
- **47%** expect to increase pay higher than inflation



What's driving pay rises?

Top three reasons employers are increasing pay in the next year:

1. **62%** due to rising cost of living
2. **46%** to improve employee retention
3. **29%** due to rising profits

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84%

of employers are taking action
to support staff in managing
rising living costs



Equitable compensation packages

- **28%** of businesses are worried about their ability to offer competitive salaries
- **28%** of businesses are worried about their ability to offer pay rises

Competitive salary

- **35%** of employers are giving pay rises in line with inflation, with **23%** offering higher than inflation
 - **52%** of workers want to see a pay rise at least in line with inflation
- **15%** of businesses are giving one-time bonuses to staff
 - **22%** of workers are looking for a one-time bonus to help manage costs



Flexibility

- **29%** of businesses are offering flexible or hybrid working in a bid to help staff manage costs
- **19%** of staff want freedom to choose where they work to reduce expenditure

Signposting flexibility in your job ads

- Almost a third (**31%**) of workers **wouldn't apply** to a job that didn't include flexible working hours
- Almost half (**47%**) would be **encouraged to apply** for a job with flexible hours offering
- A quarter (**24%**) of people **wouldn't apply** to a job if it didn't include hybrid working
- **41%** would be **encouraged to apply** for a job if it offered hybrid working options



- **77%** of workers are concerned about rising living costs.
- **24%** of businesses are providing financial wellbeing advice to their staff.
- **14%** of UK workers said they want to see this kind of support.
- Half (**46%**) of people in problem debt also have a mental health problem.*

Financial wellbeing and support

*Source: [Money and Mental Health Policy Institute](#)

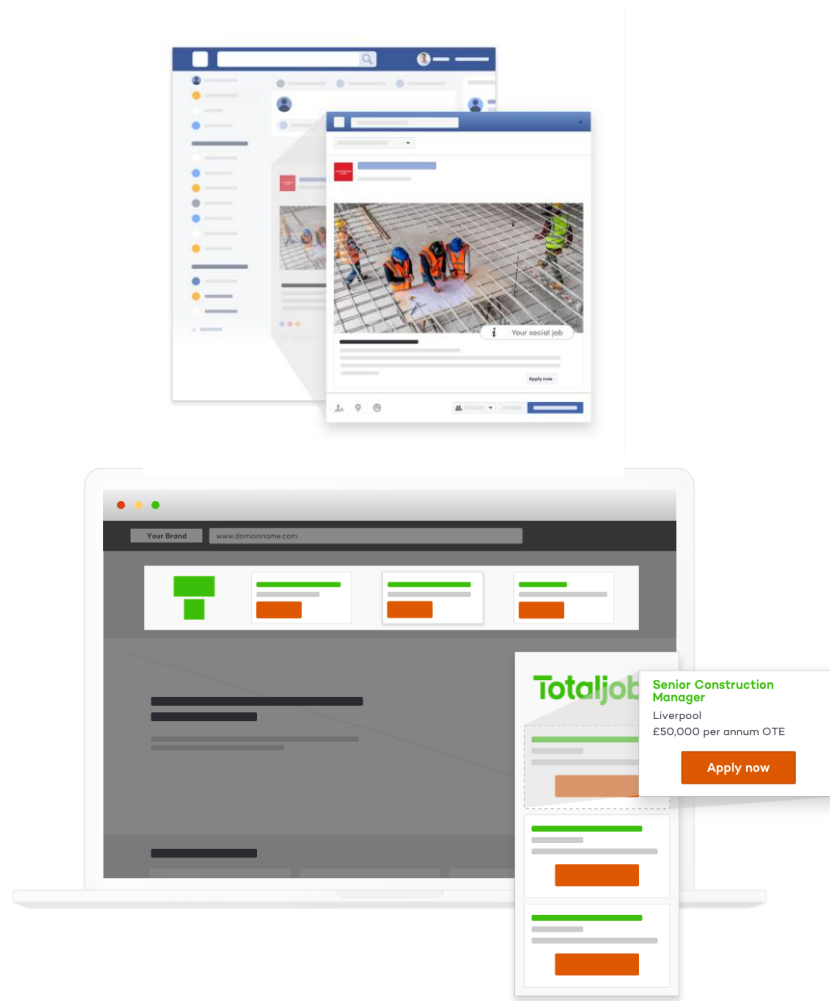
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Subsidies and financial help

- **27%** of workers want their employer to offer subsidies for energy bills related to working from home
- **19%** want the same for internet bills
- Only **13%** of employers are currently offering loans to help staff pay their bills

Be seen and heard with Visibility Solutions



Find out more about
[Visibility Solutions](#)

- ✓ **62%** of employees are satisfied in their job, so getting your brand in front of passive talent is essential
- ✓ Broaden the reach of your message and increase the relevancy of applications

And don't forget :

- ✓ Transparent salary would encourage **49%** to apply
- ✓ Private healthcare would encourage **47%** to apply
- ✓ Free breakfast/lunch would encourage **43%** to apply
- ✓ Subsidised gym or other benefits would encourage **30%** to apply
- ✓ Team socials would encourage **27%** of people to apply

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Key takeaways



More people could be set to change jobs in light of rising living costs

Lower income families will be impacted the most, with further support needed

Mental wellbeing support and transparent conversations are needed from employers

Further Government support is needed to help employers and staff manage costs

Over to our panel



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Thanks for joining